

Financing Your Export Sales Using Export Express
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Q. What is Export Express?

SBA Export Express combines SBA financial and technical assistance to help small businesses secure export financing. *This loan guarantee program helps small businesses that have exporting potential and need funds to cover the initial costs of entering an export market.* Loan proceeds can be used for most business purposes, such as expansion, equipment purchases, working capital, inventory and real estate acquisitions, participation in trade shows, standard certifications such as CE marking and ISO 9000, and modifications of a company's Web site to accommodate export transactions. A loan may be set up as either a line of credit or as a term loan, depending on the borrower's needs.

Because many small business exporters face unique challenges, the SBA Export Express program includes technical assistance in the form of marketing, management, and planning. On approval of an SBA Export Express loan, an SBA representative will contact the borrower to offer appropriate assistance. The U.S. Export Assistance Center network provides technical assistance in cooperation with the SBA and U.S. Commerce Department's network of resource partners.

Q. Who can use this program?

SBA Export Express loans are available to borrowers who meet the normal requirements for an SBA business loan guarantee. Loan applicants must:

- Demonstrate that the loan proceeds will enable them to enter a new export market or expand in an existing market, and
- Have been in business operation, though not necessarily exporting, for at least 12 months.

Q. How does the program work?

Any lender that is authorized to participate in the SBA Express loan program for small firms doing business domestically may participate in the SBA Export Express program. Usually the lender is a local bank. SBA Export Express lenders use expedited loan review procedures to process SBA guarantee loans smoothly and quickly. The lenders are able to use their own loan analyses, documentation, and approval procedures and still receive the guarantee of the SBA. After the lender approves an Export Express loan, the lender must submit two forms to the SBA Express Processing Center in Sacramento, Calif. These forms allow SBA to make a quick eligibility review and subsequently issue an SBA loan number to the lender. The SBA typically provides the lender with a response within 36 hours.

The SBA Export Express guarantee is 85 percent for loans up to \$150,000, and 75 percent for loans over \$150,000, up to a maximum loan amount of \$250,000. If a company defaults on a \$150,000 loan, the amount of risk to the bank is 15 percent with SBA Export Express. SBA Express, which includes both domestic loans and Export

Express, is the SBA's fastest-growing and perhaps most user-friendly program for lenders for their smaller loans (\$250,000 or less).

Q. What are the benefits of Export Express?

There are many benefits of the Export Express program. The application procedure for the lender and borrower is simple and fast. The benefit to the lender lies in the fact that the loan is guaranteed by the government. The level of risk is lower than it would be for a traditional loan, and the approval process and paperwork are less cumbersome.

The borrower benefits through increased access to capital that ensues from the high guarantee the SBA offers lenders on Export Express loans. The SBA guarantee encourages lenders to make loans to small business exporters that they might not make on their own.

Q. What are the interest rates and terms of an Export Express loan?

SBA offers the competitive rates and terms small businesses need to compete globally:

- Applicants negotiate terms with the lender.
- Rates may be either fixed or variable, and tied to the prime rate.
- Lenders may charge 6.5 percent over the prime rate for a loan of \$50,000 or less.
- Lenders may charge 4.5 percent over the prime rate for a loan over \$50,000.
- The guarantee and servicing fees are the same as SBA's regular 7(a) guarantee loans.

Q. What about maturity and renewals?

Loan maturities are generally five to 10 years for working capital and 10 to 15 years for machinery and equipment (not to exceed the useful life of the equipment).

Q. How do I apply?

To find a lender certified by SBA to make Export Express loans or to get additional assistance, visit www.sba.gov/oit, call (800) U-ASK-SBA, or contact a local SBA representative (also listed on the Web site). SBA representatives are located in all 50 states, as well as the District of Colombia, Puerto Rico, the U.S. Virgin Islands, and Guam.

When phoning a certified lender, ask to speak to the SBA department within the lending institution in order to apply. Each lender uses its own application form and can unilaterally approve the loan without an SBA review. After a basic review by the SBA Express Processing Center, the SBA will issue the lender a loan number. The lender will then contact the borrower to arrange for loan closing.